



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

WITHDRAWAL OF GAZETTE - ESKOM HOLDINGS EXEMPTION

The Minister of Finance has decided to withdraw the exemption from reporting on irregular, fruitless and wasteful expenditure granted to state-owned power supplier Eskom, to allow for a period of further engagement and written technical input from all relevant stakeholders on the matter.

Minister of Finance Enoch Godongwana announced the decision to withdraw the exemption on Wednesday, 5 April 2023, during an appearance before a joint meeting of the Standing Committee on Finance, Standing Committee on Public Accounts, Standing Committee on the Auditor-General, and Portfolio Committee on Public Enterprises. The notice to withdraw the exemption is to be published in the *Gazette* on 6 April 2023.

On 31 March 2023, the Minister of Finance granted a partial exemption to Eskom Holdings SOC Ltd from section 55(2)(b)(i) of the Public Finance Management Act (PFMA) and Treasury Regulation 28.2.1 for a period of three years.

Minister Godongwana explained to the sitting the reasoning for having initially granted the exemption: “The intention really was to allow the Eskom to have better financial statements, and at the same time create an environment where there remains transparency on corruption, and irregular expenditure, as well as all the other related issues. It was never the intention of the exemption to hide anything in this regard,” Minister Godongwana told the joint committee.

The exemption would still have required Eskom to disclose all irregular and fruitless expenditure in its annual report, and would have been subject to audit, but separately from the financial statements, so that the financial statements of Eskom would be more aligned with how listed companies generally report.



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It also would not have exempted Eskom from taking appropriate steps to prevent irregular and fruitless and wasteful expenditure, including appropriate criminal or disciplinary steps because of any losses incurred to date.

“However, following further engagement with the office of the Auditor-General, and in light of adverse comments by a range of stakeholders, we have decided to withdraw the exemption for now, in order to allow us to take all of these comments into account, and for us to consult with the Auditor-General and Eskom’s auditor, Deloitte so that the final framing of the exemption is subjected to the proper checks and balances, and that the measures mitigating against corruption are tightened,” Minister Godongwana said.

Minister Godongwana added that while the outcry, and some of the misunderstanding of the practical and technical implications of the exemption, was regretful, the interest shown in the matter by wide range of citizens was evidence of the deep interest by South Africans in the democratic process.

“We welcome the comments by honourable members in this meeting as well comments on the technical aspects of the exemption that relate to the applicable accounting principles,” said Minister Godongwana.

The period for written technical comments will begin on 11 April 2023 up to 21 April 2023.

For enquires, please contact National Treasury Head of Communications, Cleo Mosana 0636868413

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